



Billing Code 4810-25-P

DEPARTMENT OF THE TREASURY

Study and Report to Congress on Natural Catastrophes and Insurance

AGENCY: Department of the Treasury, Federal Insurance Office.

ACTION: Notice; request for comment; call for papers.

SUMMARY: Section 100247 of the Biggert-Waters Flood Insurance Reform Act of 2012 (the “Biggert-Waters Act” or “Act”) requires the Director of the Federal Insurance Office (“FIO”), an office within the Department of the Treasury (“Treasury”), to conduct a study and submit a report to Congress on the current state of the market for natural catastrophe insurance in the United States.¹

In conducting the study and issuing the report, the Director shall consult with the National Academy of Sciences, State insurance regulators, consumer organizations, representatives of the insurance and reinsurance industry, policyholders, and other organizations and experts, as appropriate. Treasury issues this notice to elicit comment from these persons, groups, and the public, to assist FIO with the study and the report.

DATES: Comments must be received on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

Papers submitted for consideration in the study must be received by [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Please submit comments and papers electronically through the Federal eRulemaking Portal: <http://www.regulations.gov>, or by mail (if hard copy, preferably an original and two copies) to the Federal Insurance Office, Attention: Study on Natural Catastrophes and Insurance, Room 1319 MT, Department of the Treasury, 1500 Pennsylvania Avenue, NW,

¹ Pub. L. No. 112-141, § 100247, 126 Stat. 916, 967-68 (2012).

Washington, D.C. 20220. As postal mail may be subject to processing delay, it is recommended that comments and papers be submitted electronically. All comments should be captioned with “Study on Natural Catastrophes and Insurance.” Please include your name, group affiliation, if any, address, e-mail address, and telephone number(s) in your comment.

In general, comments received will be posted on <http://www.regulations.gov> without change, including any business or personal information provided. Comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

All comments and papers received will be available for public inspection by appointment only at the Reading Room of the Treasury Library. To make an appointment, please call the Treasury Library at 202-622-0990.

FOR FURTHER INFORMATION CONTACT: Matthew A. McKenney, Federal Insurance Office, 202-622-5330 (not a toll free number).

SUPPLEMENTARY INFORMATION:

I. Background: The National Flood Insurance Program (NFIP) was created in 1968. On July 6, 2012, President Obama signed into law the Biggert-Waters Act, which modified certain aspects of the NFIP and extended that program through September 30, 2017.² The Act requires the Director of the FIO to conduct a study and submit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a report (the Report) “providing an assessment of the current state of the market for natural catastrophe insurance in the United States.”³

² 42 U.S.C. 4026.

³ 126 Stat. 916, 967 (2012).

In addition, the FIO Director must consult with the National Academy of Sciences, State insurance regulators, consumer organizations, representatives of the insurance and reinsurance industry, policyholders, and other organizations and experts, as appropriate.⁴ This Notice seeks comments from these and other interested parties and the public in support of the Report.

II. General Solicitation for Comments: The FIO hereby solicits comments, including supporting and illustrative information in support of such comments where appropriate and available, regarding natural catastrophes and the current state of the market for insurance for natural catastrophe perils in the United States.

III. Solicitation for Specific Comments. Please comment on the following considerations:⁵

1. the current condition of, as well as the outlook for, the availability and affordability of insurance for natural catastrophe perils in all regions of the United States, including whether a consensus definition of a “natural catastrophe” should be established and, if so, the terms of that definition;
2. the current ability of States, communities, and individuals to mitigate their natural catastrophe risks, including the affordability and feasibility of such mitigation activities;
 - a. the current and potential future effects of land use policies and building codes on the costs of natural catastrophes in the United States;
 - b. the percentage of residential properties that are insured for earthquake or flood damage in high-risk geographic areas of the United States, and the reasons why many such properties lack insurance coverage;
 - c. the role of insurers in providing incentives for risk mitigation efforts;

⁴ 126 Stat. 916, 968 (2012).

⁵ 126 Stat. 916, 967 (2012).

3. the current state of catastrophic insurance and reinsurance markets and the current approaches in providing insurance protection to different sectors of the population of the United States;
4. the current financial condition of State residual markets and catastrophe funds in high-risk regions, including the likelihood of insolvency following a natural catastrophe, the concentration of risks within such funds, the reliance on postevent assessments and State funding, and the adequacy of rates;
5. the current role of the Federal Government and State and local governments in providing incentives for feasible risk mitigation efforts and the cost of providing post-natural catastrophe aid in the absence of insurance;
6. current approaches to insuring natural catastrophe risks in the United States;
 - a. current and potential future Federal, State, and regional partnerships that support private, direct insurance coverage;
 - b. the potential privatization of flood insurance in the United States; and,
7. such other information that may be necessary or appropriate for the Report.

IV. Call for Papers: The FIO also calls for the submission of papers containing empirical or non-empirical analyses or evaluations of natural catastrophes and the current state of the market for insurance for natural catastrophe perils in the United States. The FIO seeks papers either recently completed or those that will be completed prior to close of the Report. We encourage contributions by researchers from academia, States and State agencies, business organizations, insurance trade and professional associations, research consulting firms, and other organizations and experts. Possible topics may include but are not limited to topics that may be addressed in the Report.

Michael T. McRaith

Director, Federal Insurance Office

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